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JUN 28 2004

Delta Natural Gas Company, Inc.



3617 Lexington Road
Winchester, Kentucky 40391-9797

PHONE: 859-744-6171

FAX: 859-744-3623

June 25, 2004

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P O Box 615
Frankfort, KY 40602

Case 2004-00264

Dear Ms. O'Donnell:

Enclosed is the original and three copies of Delta's Quarterly Report of Gas Cost Recovery Rate Calculation which determines the Gas Cost Recovery Rate (GCR) to be effective August 1, 2004.

An extra copy of the filing is attached for public files.

Please acknowledge receipt of this filing by stamping the extra copy of the cover letter and returning to Delta in the envelope provided.

Sincerely,

Connie King

Connie King
Director - Rates & Treasury

RECEIVED

JUN 28 2004

PUBLIC SERVICE
COMMISSION

GAS COST
RECOVERY RATE CALCULATION

Date Filed	6/25/04
Date to be Effective	8/01/04

DELTA NATURAL GAS COMPANY, INC.

SCHEDULE I

GAS COST RECOVERY CALCULATION

COST RECOVERY RATE EFFECTIVE AUGUST 1, 2004		
PARTICULARS	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	8.0439
SUPPLIER REFUND (RA)	\$/MCF	-
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.4926
BALANCE ADJUSTMENT (BA)	\$/MCF	(0.1424)
GAS COST RECOVERY RATE (GCR)	\$/MCF	8.3941

EXPECTED GAS COST SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
PRIMARY GAS SUPPLIERS (SCHEDULE II)	\$	3,516,975
UTILITY PRODUCTION	\$	-
INCLUDABLE PROPANE	\$	-
TOTAL QUARTERLY EXPECTED GAS COST	\$	3,516,975
TOTAL ESTIMATED SALES FOR QUARTER	MCF	437,220
EXPECTED GAS COST (EGC) RATE	\$/MCF	8.0439

SUPPLIER REFUND ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE III)	\$/MCF	-
PREVIOUS QUARTER	\$/MCF	-
SECOND PREVIOUS QUARTER	\$/MCF	-
THIRD PREVIOUS QUARTER	\$/MCF	-
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	-

ACTUAL ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE IV)	\$/MCF	(0.8271)
PREVIOUS QUARTER	\$/MCF	0.9460
SECOND PREVIOUS QUARTER	\$/MCF	0.3343
THIRD PREVIOUS QUARTER	\$/MCF	0.0394
ACTUAL ADJUSTMENT (AA)	\$/MCF	0.4926

BALANCE ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
BALANCE ADJUSTMENT AMOUNT (SCHEDULE V)	\$	(62,248)
ESTIMATED SALES FOR QUARTER	MCF	437,220
BALANCE ADJUSTMENT (BA)	\$/MCF	(0.1424)

DELTA NATURAL GAS COMPANY, INC.

MCF PURCHASES FOR THREE MONTHS BEGINNING
August 1, 2004
AT SUPPLIERS COSTS EFFECTIVE
August 1, 2004

Supplier	MCF Purchases	DTH Conv Factor	Rates (\$)	Quarterly Cost	Rate Increase (I)/ Reduction (R)
TENNESSEE GAS PIPELINE PIPELINE (SCH II, PAGE 2 OF 2)				415,030	
ATMOS ENERGY MARKETING COLUMBIA GAS TRANSMISSION PIPELINE (SCH II, PAGE 2 OF 2)	134,332	1.036	6.3700	886,500	
ATMOS ENERGY MARKETING COLUMBIA GULF TRANSMISSION	65,254	1.029	6.3600	427,051	
M&B GAS SERVICES KENTUCKY PRODUCERS CNR	234,524	1.030	6.8000	1,642,606	
STORAGE	3,110		8.6100	26,777	
TOTAL	<u>437,220</u>		0.0000	<u>3,516,975</u>	

COMPANY USAGE 6,558

TENNESSEE GAS PIPELINE RATES EFFECTIVE 8/01/04

		DTH VOLUMES	FIXED OR VARIABLE		RATES	ANNUAL COST
FT-G RESERVATION RATE - ZONE 0-2	1.	8,371	F	2.	\$9.091	\$76,096
FT-G RESERVATION RATE - ZONE 1-2	3.	22,511	F	4.	\$7.651	\$172,230
FT-G COMMODITY RATE - ZONE 0-2	5.	3,095	V	6.	\$0.0901	\$279
FT-G COMMODITY RATE - ZONE 1-2	7.	8,323	V	8.	\$0.0797	\$663
FT-A RESERVATION RATE - ZONE 0-2	9.	705	F	10.	\$9.091	\$6,409
FT-A RESERVATION RATE - ZONE 1-2	11.	3,024	F	12.	\$7.651	\$23,137
FT-A RESERVATION RATE - ZONE 3-2	13.	471	F	14.	\$4.351	\$2,049
FT-A COMMODITY RATE - ZONE 0-2	15.	21,444	V	16.	\$0.0901	\$1,932
FT-A COMMODITY RATE - ZONE 1-2	17.	91,980	V	18.	\$0.0797	\$7,331
FT-A COMMODITY RATE - ZONE 3-2	19.	14,326	V	20.	\$0.0551	\$789
FUEL & RETENTION - ZONE 0-2	21.	24,539	V	22.	\$0.3013	\$7,393
FUEL & RETENTION - ZONE 1-2	23.	100,303	V	24.	\$0.2505	\$25,123
FUEL & RETENTION - ZONE 3-2	25.	14,326	V	26.	\$0.0746	\$1,068
SUB-TOTAL						\$324,499
FS-PA DELIVERABILITY RATE	27.	4,572	F	28.	\$2.02	\$9,235
FS-PA INJECTION RATE	29.	46,689	V	30.	\$0.0053	\$247
FS-PA WITHDRAWAL RATE	31.	46,689	V	32.	\$0.0053	\$247
FS-PA SPACE RATE	33.	560,271	F	34.	\$0.0248	\$13,895
FS-PA RETENTION	35.	46,689	V	36.	\$0.0949	\$4,429
SUB-TOTAL						\$28,054
FS-MA DELIVERABILITY RATE	37.	25,908	F	38.	\$1.15	\$29,794
FS-MA INJECTION RATE	39.	96,906	V	40.	\$0.0102	\$988
FS-MA WITHDRAWAL RATE	41.	96,906	V	42.	\$0.0102	\$988
FS-MA SPACE RATE	43.	1,162,866	F	44.	\$0.0185	\$21,513
FS-MA RETENTION	45.	96,906	V	46.	\$0.0949	\$9,193
SUB-TOTAL						\$62,477
TOTAL TENNESSEE GAS PIPELINE CHARGES						\$415,030
COLUMBIA GAS TRANSMISSION RATES EFFECTIVE 8/01/04						
GTS COMMODITY RATE	47.	67,146	V	48.	\$0.7901	\$53,052
FUEL & RETENTION	49.	67,146	V	50.	\$0.3435	\$23,061
TOTAL COLUMBIA GAS TRANSMISSION CHARGES						\$76,114
COLUMBIA GULF CORPORATION RATES EFFECTIVE 8/01/04						
FTS-1 RESERVATION RATE	51.	13,134	F	52.	\$3.1450	\$41,306
FTS-1 COMMODITY RATE	53.	67,146	V	54.	\$0.0231	\$1,551
FUEL & RETENTION	55.	67,146	V	56.	\$0.0006	\$40
TOTAL COLUMBIA GULF CORPORATION CHARGES						\$42,897
TOTAL PIPELINE CHARGES						\$534,041

SUPPLIER REFUND ADJUSTMENT
 DETAIL FOR THE THREE MONTHS ENDED
 April 30, 2004

Particulars	Unit	Amount
SUPPLIERS REFUNDS RECEIVED (1)	\$	(21)
INTEREST FACTOR (2)		1.0030
REFUND ADJUSTMENT INCLUDING INTEREST	\$	(21)
SALES TWELVE MONTHS ENDED April 30, 2004	MCF	3,956,430
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	0.0000

(1) Suppliers Refunds Received	Date Received	Amount
COLUMBIA GAS TRANSMISSION	4/21/2004	21.00
Total		21.00

(2) Interest Factor			
RESULT OF PRESENT VALUE	1.0553850	-0.5 =	0.555385

DELTA NATURAL GAS COMPANY, INC.

SCHEDULE IV

ACTUAL ADJUSTMENT
 DETAIL FOR THE THREE MONTHS ENDED
 April 30, 2004

Particulars	Unit	For the Month Ended		
		Feb-04	Mar-04	Apr-04
SUPPLY VOLUME PER BOOKS				
PRIMARY GAS SUPPLIERS	MCF	751,867	476,312	248,761
UTILITY PRODUCTION	MCF	-	-	-
INCLUDABLE PROPANE	MCF	-	-	-
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
TOTAL	MCF	<u>751,867</u>	<u>476,312</u>	<u>248,761</u>
SUPPLY COST PER BOOKS				
PRIMARY GAS SUPPLIERS	\$	4,602,310	2,803,710	1,512,404
UTILITY PRODUCTION	\$	-	-	-
INCLUDABLE PROPANE	\$	-	-	-
OTHER COST (SPECIFY)	\$	-	-	-
TOTAL	\$	<u>4,602,310</u>	<u>2,803,710</u>	<u>1,512,404</u>
SALES VOLUME				
JURISDICTIONAL	MCF	809,591	567,406	456,304
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
TOTAL	MCF	<u>809,591</u>	<u>567,406</u>	<u>456,304</u>
UNIT BOOK COST OF GAS				
EGC IN EFFECT FOR MONTH	\$	5.6847	4.9413	3.3145
RATE DIFFERENCE	\$	<u>6.6497</u>	<u>6.6497</u>	<u>6.6497</u>
MONTHLY SALES	MCF	<u>809,591</u>	<u>567,406</u>	<u>456,304</u>
MONTHLY COST DIFFERENCE	\$	<u>(781,255)</u>	<u>(969,356)</u>	<u>(1,521,865)</u>
				Three Month
				Period
COST DIFFERENCE FOR THE THREE MONTHS				\$
TWELVE MONTHS SALES FOR PERIOD ENDED				MCF
CURRENT QUARTERLY ACTUAL ADJUSTMENT				\$/MCF
				(3,272,476)
				3,956,430
				<u>(0.8271)</u>

DELTA NATURAL GAS COMPANY, INC.

SCHEDULE V

EXPECTED GAS COST BALANCE ADJUSTMENT
 DETAIL FOR THE THREE MONTHS ENDED
 April 30, 2004

Particulars	Unit	Amount
COST DIFFERENCE BETWEEN BOOK AND EFFECTIVE EGC AS USED TO COMPUTE AA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR		
LESS: DOLLAR AMOUNT RESULTING FROM THE AA OF 1.3441 \$/MCF AS USED TO COMPUTE THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR TIMES THE JURISDICTIONAL SALES OF 3,956,430 MCF FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR IN EFFECT APPROXIMATELY ONE YEAR PRIOR TO THE CURRENT RATE	\$	5,237,685
BALANCE ADJUSTMENT FOR THE AA	\$	<u>5,317,838</u>
	\$	<u>(80,153)</u>
DOLLAR AMOUNT OF SUPPLIER REFUND ADJUSTMENT AS USED TO COMPUTE RA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR		
LESS: DOLLAR AMOUNT RESULTING FROM THE UNIT RATE FOR SUPPLIER REFUND ADJUSTMENT OF 0.0000 \$/MCF AS USED TO COMPUTE RA OF THE JURISDICTIONAL SALES FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR RATE IN EFFECT APPROXIMATELY ONE YEAR PRIOR TO THE CURRENT RATE FOR THE MCF TOTAL OF 3,956,430	\$	(35)
BALANCE ADJUSTMENT FOR THE RA	\$	-
	\$	<u>(35)</u>
DOLLAR AMOUNT OF BALANCE ADJUSTMENT AS USED TO COMPUTE BA OF THE GCR IN EFFECT ONE QUARTER PRIOR TO THE CURRENTLY EFFECTIVE GCR		
LESS: DOLLAR AMOUNT RESULTING FROM THE BA OF (0.1237) \$/MCF AS USED TO COMPUTE THE GCR IN EFFECT ONE QUARTER PRIOR TO THE CURRENTLY EFFECTIVE GCR TIMES THE JURISDICTIONAL MCF SALES OF 1,833,301 FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR RATE IN EFFECT IMMEDIATELY PRIOR TO THE CURRENT RATE	\$	(208,840)
BALANCE ADJUSTMENT FOR THE BA	\$	<u>(226,779)</u>
	\$	<u>17,939</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>(62,248)</u>

**COMPUTATION OF CNR PRICE EFFECTIVE 8/01/04 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR AUGUST, 2004 THRU OCTOBER, 2004**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$8.61 per MCF

**COMPUTATION OF ATMOS ENERGY MARKETING PRICE EFFECTIVE 8/01/04 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR AUGUST, 2004 THRU OCTOBER, 2004 (TGP)**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$6.37 per MMBtu dry

**COMPUTATION OF ATMOS ENERGY MARKETING PRICE EFFECTIVE 8/01/04 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR AUGUST, 2004 THRU OCTOBER, 2004 (TCO)**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$6.36 per MMBtu dry

**COMPUTATION OF M&B PRICE EFFECTIVE 8/01/04 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR AUGUST, 2004 THRU OCTOBER, 2004**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$6.80 per MMBtu dry

TGP SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
August 2004	31,934	33,084	\$6.410	(\$0.060)	\$210,081.01
September	35,148	36,413	\$6.420	(\$0.060)	\$231,588.77
October	<u>67,250</u>	<u>69,671</u>	\$6.438	(\$0.060)	<u>\$444,361.64</u>
	134,332	139,168			\$886,031.42
FIXED PRICE		0			\$0.00
FIXED PRICE		0			\$0.00
WEIGHTED AVERAGE PRICE PER DTH:				\$6.37	

COLUMBIA SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
August 2004	12,719	13,088	\$6.410	(\$0.07)	\$82,976.98
September	16,916	17,407	\$6.420	(\$0.07)	\$110,531.68
October	<u>35,619</u>	<u>36,652</u>	\$6.438	(\$0.07)	<u>\$233,399.62</u>
	65,254	67,146			\$426,908.28
FIXED PRICE		0			\$0.00
WEIGHTED AVERAGE PRICE PER DTH:				\$6.36	

COLUMBIA NATURAL RESOURCES SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	NYMEX \$ PER DTH	ADD-ON PER DTH	BTU ADJUSTMENT	TOTAL
August 2004	814	\$6.410	\$0.75	1.2	\$6,993.89
September	738	\$6.420	\$0.75	1.2	\$6,349.75
October	<u>1,558</u>	\$6.438	\$0.75	1.2	<u>\$13,438.68</u>
	3,110				\$26,782.32

WEIGHTED AVERAGE PRICE PER MCF: **\$8.61**

COLUMBIA GULF SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
August 2004	56,787	58,775	\$6.410	\$0.37	\$398,491.42
September	62,761	64,958	\$6.420	\$0.37	\$441,062.34
October	<u>114,976</u>	<u>119,000</u>	\$6.438	\$0.37	<u>\$810,153.09</u>
	234,524	242,732			\$1,649,706.85
FIXED PRICE		0			\$0.00
WEIGHTED AVERAGE PRICE PER DTH:				\$6.80	

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

FOR Al. Service Areas
P.S.C. NO. 9
Twenty Third Revised SHEET NO. 2
CANCELLING P.S.C. NO. 9
Twenty Second Revised SHEET NO. 2

CLASSIFICATION OF SERVICE
RATE SCHEDULES

RESIDENTIAL

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 16.

AVAILABILITY

Available for use by residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	<u>Base Rate</u> +	<u>Gas Cost Recovery Rate (GCR) **</u> =	<u>Total Rate</u>	
Customer Charge	\$ 8.00		\$ 8.00	
All Mcf	\$ 3.6224	\$8.3941	\$ 12.0165	(I)

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 12 and 13 of this tariff.

DATE OF ISSUE June 25, 2004 DATE EFFECTIVE August 1, 2004 (Final Meter Reads)
ISSUED BY Glenn R. Jennings TITLE President
Name of Officer
Issued by authority of an Order of the Public Service Commission of KY in
CASE NO. _____ DATED _____

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

FOR Al. Service Areas
P.S.C. NO. 9
Twenty Third Revised SHEET NO. 3
CANCELLING P.S.C. NO. 9
Twenty Second Revised SHEET NO. 3

CLASSIFICATION OF SERVICE
RATE SCHEDULES

SMALL NON-RESIDENTIAL GENERAL SERVICE *

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 16.

AVAILABILITY

Available for use by small non-residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	<u>Base Rate</u> +	<u>Gas Cost Recovery Rate (GCR) **</u>	=	<u>Total Rate</u>
Customer Charge	\$ 17.00			\$ 17.00
.1 - 200 Mcf	\$ 3.6224	\$8.3941		\$ 12.0165/Mcf (I)
200.1 - 1000 Mcf	\$ 2.4000	\$8.3941		\$ 10.7941/Mcf (I)
Over 1000 Mcf	\$ 2.0495	\$8.3941		\$ 10.4436/Mcf (I)

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has underdeliveries of transportation gas to Delta's system, and/or requests to revert to the General Service or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the General Service or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the General Service or Interruptible Service rate schedule.

* Meter no larger than AL425

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 10 and 11 of this tariff.

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DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

FOR Al Service Areas
P.S.C. NO. 9
Twenty Third Revised SHEET NO. 4
CANCELLING P.S.C. NO. 9
Twenty Second Revised SHEET NO. 4

CLASSIFICATION OF SERVICE
RATE SCHEDULES

LARGE NON-RESIDENTIAL GENERAL SERVICE *

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 16.

AVAILABILITY

Available for use by large non-residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	<u>Base Rate</u> +	<u>Gas Cost Recovery Rate (GCR) **</u> =	<u>Total Rate</u>	
Customer Charge	\$ 50.00		\$ 50.00	
.1 - 200 Mcf	\$ 3.6224	\$8.3941	\$ 12.0165/Mcf	(I)
200.1 - 1000 Mcf	\$ 2.0063	\$8.3941	\$ 10.4004/Mcf	(I)
1000.1 - 5000 Mcf	\$ 1.3190	\$8.3941	\$ 9.7131/Mcf	(I)
5000.1 - 10000 Mcf	\$ 0.9190	\$8.3941	\$ 9.3131/Mcf	(I)
Over 10,000 Mcf	\$ 0.7190	\$8.3941	\$ 9.1131/Mcf	(I)

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has underdeliveries of transportation gas to Delta's system, and/or requests to revert to the General Service or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the General Service or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the General Service or Interruptible Service rate schedule.

* Meter larger than AL425

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 10 and 11 of this tariff.

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ISSUED BY Glenn R. Jennings TITLE President

Name of Officer

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CASE NO. _____ DATED _____

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

FOR All Service Areas
P.S.C. NO. 9
Twenty Third Revised SHEET NO. 5
CANCELLING P.S.C. NO. 9
Twenty Second Revised SHEET NO. 5

CLASSIFICATION OF SERVICE
RATE SCHEDULES

INTERRUPTIBLE SERVICE

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 16.

AVAILABILITY

Available for use by interruptible customers.

CHARACTER OF SERVICE

Interruptible - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate +	Gas Cost Recovery Rate (GCR) ** =	Total Rate	
Customer Charge	\$250.00		\$250.00	
.1 - 1000 Mcf	\$ 1.6000	\$8.3941	\$ 9.9941/Mcf	(I)
1000.1 - 5000 Mcf	\$ 1.2000	\$8.3941	\$ 9.5941/Mcf	(I)
5000.1 - 10000 Mcf	\$ 0.8000	\$8.3941	\$ 9.1941/Mcf	(I)
Over 10,000 Mcf	\$ 0.6000	\$8.3941	\$ 8.9941/Mcf	(I)

Special Conditions - All customers having a connected load in excess of 2,500,000 Btu input per hour may be required to enter into an Interruptible Sales Agreement. Determinations of those customers so required shall be based on peak day use as well as annual volume and shall be at the sole discretion of the Company.

Any customer required to enter into an Interruptible Agreement shall be permitted to purchase or transport gas under the Interruptible Rate Schedule as set forth on Sheet No. 2. Gas requirements, minimum charges and other specific information shall be set forth in the Agreement.

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has underdeliveries of transportation gas to Delta's system, and/or requests to revert to the General Service or Interruptible Service rate schedule,

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